

**Technical Note**  
**Gross Domestic Product**  
**Fourth Quarter of 2003 (Preliminary)**  
**February 27, 2004**

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; the note also provides some perspective on the estimates. Additional material is available on BEA's Web site <[www.bea.gov](http://www.bea.gov)>. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("The Business Situation").

Real GDP (revised): Real GDP is now estimated to have increased 4.1 percent (annual rate) in the fourth quarter of 2003 after increasing 8.2 percent in the third quarter. The revised estimate for the fourth quarter is 0.1 percentage point more than the advance estimate released a month ago. As in the advance estimate, consumer spending was mainly responsible for the slowdown; in addition, net exports declined in the fourth quarter after increasing in the third.

Real final sales of domestic product (GDP less change in private inventories) is now estimated to have increased 3.2 percent in the fourth quarter after increasing 8.3 percent in the third. Inventory investment added 0.92 percentage point to the fourth-quarter change in real GDP.

Prices (revised): The price index for gross domestic purchases increased 1.1 percent in the fourth quarter, 0.1 percentage point more than in the advance estimate. This measure of prices increased 1.8 percent in the third quarter. The slowdown from the third quarter to the fourth mainly reflected a downturn in energy prices. Excluding prices of food and energy, which are more volatile than most other prices, the index increased 1.2 percent in the fourth quarter after increasing 1.3 percent in the third.

**Sources of Revision to Real GDP**

The upward revision to fourth-quarter real GDP reflected upward revisions to equipment and software investment, to inventory investment, and to exports that were mostly offset by an upward revision to imports:

- C Business investment in equipment and software was revised up, reflecting newly available and revised Census Bureau data on shipments for December and newly available data on exports and imports for December.
- C Inventory investment was revised up, mainly reflecting newly available and revised Census Bureau data on inventories; upward revisions to inventories in manufacturing and in wholesale trade were partly offset by a downward revision to retail trade inventories.
- C Both exports and imports were revised up, reflecting the newly available Census Bureau data on goods for December and revised data for November.

Table A shows both the BEA assumptions used for the advance estimate of GDP and the newly available and revised source data incorporated for the preliminary estimate for selected key series.

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY  
ESTIMATES OF GDP FOR THE FOURTH QUARTER OF 2003

This table shows the actual data used for the preliminary estimate of GDP for the fourth quarter of 2003. For these key series, actual data for December were not available in time for inclusion in the advance GDP estimate released on January 30, 2004, and BEA made assumptions for these source data. The numbers in brackets show the December values that had been assumed for the advance estimate. For most series, the data incorporated for November and, in some cases, for October, were preliminary, and the numbers shown in brackets are the values used last month.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

2003						
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Private fixed investment:						
Nonresidential structures:						
1 Value of new total private construction put in place less residential (inc. improvements)...	217.2	214.4	216.7	217.7 {216.2}	212.6 {215.1}	210.2 {215.6}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	27.2	25.4	24.3	25.9	33.1 {33.1}	25.5 {18.2}
Residential structures:						
Value of new residential construction put in place:						
3 Single family .....	299.4	307.2	315.5	324.4 (324.2)	333.4 {333.5}	338.3 {341.4}
4 Multifamily.....	34.0	34.9	34.9	34.7 {34.8}	35.0 {34.9}	34.9 {35.7}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-4.6	-6.6	-0.8	-3.4	4.6 {-0.1}	-0.7 {1.8}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment..	-15.2	-3.9	43.0	20.4	38.8 {37.8}	25.7 {28.5}

Net exports:

Exports of goods:

6	U.S. exports of goods, international-transactions- accounts basis.....	724.4	692.3	716.6	739.9	764.7 {765.8}	755.2 {746.2}
6a	Excluding gold.....	720.6	685.3	711.5	734.9	760.2 {761.3}	750.6 {742.0}

Imports of goods:

7	U.S. imports of goods, international-transactions- accounts basis.....	1264.5	1228.6	1275.2	1304.9	1292.0 {1289.1}	1333.3 {1295.7}
7a	Excluding gold.....	1261.9	1223.3	1270.8	1300.9	1288.0 {1285.0}	1330.0 {1292.1}
8	Net exports of goods.....	-540.1	-536.3	-558.6	-565.1	-527.3 {-523.3}	-578.1 {-549.6}
8a	Excluding gold.....	-541.3	-538.0	-559.4	-565.9	-527.7 {-523.7}	-579.4 {-550.2}

Government:

State and local:

Structures:

9	Value of new construction put in place.....	200.7	201.7	202.8	202.3 {203.4}	202.9 {205.7}	204.5 {204.6}
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